



## 5 things NRIs must do in 2020

### **It is important to revisit old plans for completeness and accuracy**

Another year is coming to an end, and as individuals and families take stock of all the things that worked well for them in 2019, and the things that did not work well, personal finances do invariably get a lot of attention.

Whilst it is very tempting to create a large laundry list of things that need to be put in place, our learning over the years have been to focus on those items that are absolutely critical, as there may never be enough time in 2020, just like in the previous years, to put everything in order.

Therefore, rather than trying to do twenty things, we will focus on the five most critical things that all NRIs (non-resident Indians) should put in place in 2020. It is also very often the case that some of these plans may have been put into place partially, or quite some time ago and, therefore, may have to be refreshed to be relevant. It would therefore be important to revisit them for completeness and accuracy.

### **Get your estate/succession plan in place**

No one is too young to have a will or succession plan, and just because your parents do not have a will, it does not mean that you should not have one. NRIs may be subject to significantly more complexity with respect to their succession plans, from succession laws that are different in India and the current geography that they reside in, to estate or inheritance taxes or custody of children in case of death that they may need to plan for, and find appropriate solutions.

### **File tax returns in both geographies**

Often, we come across cases where the tax returns have been filed appropriately in one geography, but is neglected in the other country. There are nuances in the tax laws for NRIs that need to be well understood, and the double tax avoidance agreements or treaties may provide certain set offs, which can help in terms of reducing the total tax payable, or getting refunds of taxes already paid.

### **Build your retirement corpus meaningfully**

Even though the geography that you now live in may have some form of social security, it may be a good idea to independently build a retirement corpus, rather than being dependent on the government for support through retirement. After all, with retirements getting longer due to higher life expectancies, it may be difficult for a lot of governments to support long retirements. Whilst you may be contributing to some sort of retirement solution, it is critical to establish whether that is truly enough. A financial planning professional could help you better estimate how much you may need through retirement and how well prepared you are for it.

### **Review all your insurance needs**

With the evolution of insurance just like other facets, there are now multiple solutions available that can cover different situations that may be disruptive to either your income generating capacity in the future, or potentially eat into a lot of the savings that you had created for other financial goals such as education for the children or retirement. It is important to therefore review the quantum of life insurance, health

insurance, critical illness coverage, disability coverage and home insurance so that the products that you have are appropriate, and the premiums that are being paid are commensurate with the benefits that are being offered. With insurance costs coming down, it may be a good idea to look at the latest offerings in each geography, and decide what to keep and what to replace. It is critical to remember that insurance needs to be bought in advance, before an event actually takes place in your life, which makes you uninsurable.

### **Revisit your asset allocation and rebalance**

Different financial assets would have performed differently in 2019, and invariably some assets would have done better than others. It may be the case that some components of the Indian portfolio have outperformed the international portfolio, or vice versa. Whilst it is very tempting to top-up in the better performing asset, rebalancing typically moves monies from the better performing asset to the one that has not done that well, as a form of locking into some of the gains on one side, and buying cheaper on the other. Such strategic asset allocation, of course, needs to be aligned to your short and long-term goals, and it is therefore an excellent idea to revisit your goals as well, if needed.

Staying focussed in a distracted world, with respect to your finances and personal life would be in your best interests in 2020.

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